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17 May 1985

MEMORANDUM FOR: Director of Central Intelligence

FROM: John L. Helgeson  
Director of African and Latin American Analysis

SUBJECT: Heritage Foundation Paper on Nicaragua

1. Responding to your request, the following are my thoughts on Virginia Polk's paper, "What Next for Nicaragua?" Overall, I believe this paper accurately and perceptively describes the problem that Nicaragua poses for us and Central America. Many of the US actions that the paper recommends are sensible and I agree with them; other proposed actions have an air of naivete or show an unrealistic appreciation of current political constraints in Central America, Western Europe, and the US. [REDACTED]

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2. The sound recommendations that the author makes, fortunately, are by and large those the US Government is already implementing [REDACTED]

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These include:

- Suspending US trade with Nicaragua.
- Supporting the Nicaraguan democratic opposition--its leaders, institutions, and objectives.
- Insisting to the Nicaraguans that any resumption of serious bilateral talks with the US depends on their honoring Contadora and other commitments.
- Making clear to the Cubans that any improvements in bilateral relations with them will only be pursued if they reduce their involvement in Nicaragua.
- Working to improve the defensive capabilities of friendly states in the area. [REDACTED]

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3. The author proposes one specific action that seems sensible and overdue to me: bringing home our Ambassador and leaving the Embassy in

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Managua in the hands of a charge d'affaires. I believe her further recommendation that we break relations altogether is a bad one. Such a move would make the US look petty, and would open the Administration up to attacks from critics of both the right and left who would point out that we maintain full diplomatic relations with the Soviets, South Africans and other repressive governments around the world. [redacted]

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4. The Heritage Foundation paper proposes a variety of further actions in areas where I believe the US is already doing as much as is wise or feasible:

- Encourage Central American leaders to offer more forthright support for US policies. I believe the Administration has enjoyed considerable success in this area and that asking more of the leaders of El Salvador, Honduras, Costa Rica or Guatemala would risk undermining their position at home and making one or more of these states the ultimate casualty of what is now primarily a Nicaraguan problem.
- Work toward the formation of an OAS peace-keeping force. My feeling is that this idea is premature. Virtually all OAS members have indicated their distaste for a US-led military solution to the Nicaragua problem. I believe pushing this idea at this time would not only fail but would undermine other more positive and effective aspects of US policy.
- On a related matter, the paper displays a too-limited appreciation of the fact that the effectiveness of any US measures (and the ability to garner international support for our actions) turns on the success of the Contras on the ground. Just as the OAS call for Somoza to resign came at the end of June 1979--when the entire country was caught up in the civil war--so will Contra military progress make any US program and series of diplomatic and political initiatives more workable.
- Marshal European support for trade sanctions. This notion shows a misunderstanding of current European attitudes. The most we can hope for (and we are working on this) is that the Europeans will refrain from increasing their assistance to compensate for the US embargo that virtually all oppose. [redacted]

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5. Two of the items proposed by the author seem to me to carry great dangers. The first is the idea of the US recognizing a Nicaraguan government-in-exile. With the FDN controlling no territory and receiving only uncertain backing this action could become a legal nightmare and a political embarrassment of the first order. Second, I believe it would be a mistake to provide Cobra helicopter gunships to El Salvador and Honduras. Congress would

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not go along with this. Moreover, this weapon system, if provided, would have the potential for misuse, especially in El Salvador, that would undermine the Duarte government's current positive momentum with its own population, with the US Congress, and in the region. The Hondurans for their part have higher priority needs than the helicopter gunship. The blow pipe surface-to-air missile would provide a much more cost effective counter to the Nicaraguans' MI-25 helicopters than would the Cobra. [REDACTED]

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6. Returning to the positive, I think the real utility of the Heritage Foundation paper is that it effectively describes the Nicaragua problem and offers some concrete idea as to what might be done. It provides a forceful argument for the two aspects of US policy that are absolutely critical: (1) continuing carefully calibrated and increasing pressure of various kinds on the Sandinista regime, and (2) increasing and publicizing our willingness to provide assistance to Nicaragua's neighbors and stand by them as they face the Nicaraguan threat. [REDACTED]

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[REDACTED]

John L. Helgerson

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Subject: Heritage Foundation Paper on Nicaragua

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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC 02561-85  
17 May 1985

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: Robert D. Vickers, Jr.  
National Intelligence Officer for Latin America

SUBJECT: What Next for Nicaragua

1. I found the Heritage Foundation article thought-provoking, and offer the following comments on the political measures:

- I believe it would be premature to downgrade diplomatic representation or even break relations until we have a stronger and more united democratic opposition. The article goes on to advocate recognition of a government-in-exile. Such a government first has to be formed before it can be recognized. Thus, the opposition has first to continue to broaden its support base, both internally and externally, in order to gain greater credibility as a viable alternative to the Sandinistas. I don't believe, however, that the armed opposition needs to seize and hold a significant portion of Nicaraguan territory as a prelude to recognition. I do agree that the democratic opposition needs to be given wider US public exposure, including visits to the White House, to increase its credibility.
- I believe that a lot of work has to be done before the OAS can play a constructive role in condemning Nicaragua and supporting the democratic opposition. The OAS of 1985 is not the OAS of 1979. The trend toward democracy has produced new civilian governments less willing to antagonize their leftist opposition by openly supporting US policy positions.
- I agree with the article that any resumption of US-Nicaraguan talks should be contingent on a Sandinista dialogue with the democratic opposition, including the armed opposition. It might be advisable to set forth publicly a number of conditions that would need to be met before any resumption, including an end of censorship and allowing prominent opposition figures such as Cruz, Robelo and Calero to return to Nicaragua.

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2. There is little reason to believe that the above political pressures, even coupled with economic sanctions, are going to force the Sandinistas to "say uncle" and change the nature of their regime to any great extent. The belief that "moderates" in the Directorate can be split off from "hardliners" is probably wishful thinking. The idea behind political and economic pressures, therefore, is to increase popular dissatisfaction with the regime, undermine its credibility, and weaken its external support. This in turn should help to strengthen the popular support, credibility and foreign support of the armed opposition, which provides the best hope of "changing" the Sandinista regime short of a US invasion.

3. The article is weak on military options. I don't believe that CONDECA or the OAS are the answer to the problem. If the armed opposition is to continue to grow in strength and take advantage of political and economic measures, the US probably needs to take the initiative on its own and draw a firmer line on continued Soviet and Cuban military support for the Sandinistas.

- It is true that US demarches concerning the introduction of MIG fighter aircraft have probably prevented their delivery to Nicaragua. We may need to draw a similar line on the introduction of any more Soviet weaponry or Cuban military personnel into Nicaragua. Otherwise, the Soviets and Cubans can continue to escalate their support indefinitely to counter any growth in the armed opposition. The recent identification of a Cuban military unit in Nicaragua could form the basis for a demarche against the introduction of any new troops or weaponry. Alternatively, we might want to wait for firm evidence that the Sandinistas have broken their own pledge to halt deliveries of new arms and reduce the Cuban military presence.
- To enforce any demarche, the US need not impose a naval and air blockade. Instead, we could announce that if we detect any violations, we will impose a quarantine on future POL deliveries. This would be far easier and cheaper to enforce than a complete blockade, and would bring the Sandinistas to their knees in a period of several months unless the Soviets choose to implement a costly airlift of POL from Cuba.
- SOVA has done a study on Soviet capabilities to implement such an airlift, and has concluded that while it is feasible if Soviet aircraft staged from Cuba, it would be extremely costly and would pose a heavy burden over time on their capabilities elsewhere.

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4. In the long run, then, the best hope of changing the Sandinista regime is through a coordination of political and economic pressures designed to weaken Managua's domestic support and strengthen the armed opposition. But for their policy to succeed, the US has to be prepared to take firm military actions to ensure that the Sandinistas cannot respond with more Soviet BM-21s and MI-24s or with additional Cuban military personnel. Given the increased reports of growing popular dissatisfaction with the regime, I am confident that over time, the armed opposition stands a better than even chance of success of broadening its popular base inside Nicaragua, establishing better links with the internal political opposition, and achieving success as a viable alternative to the Sandinistas.



Robert D. Vickers

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SUBJECT: What Next in Nicaragua

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15 May 1985

MEMORANDUM FOR: Deputy Director for Intelligence  
National Intelligence Officer for Latin America ✓  
Director, Office of African and Latin American Analysis, DI ✓  
Chief, Central America Task Force, DO

FROM: Director of Central Intelligence

SUBJECT: What Next for Nicaragua?

Give me your thoughts and any ideas you have on this document.

  
William J. Casey

Attachment:  
Heritage Foundation Backgrounder,  
dtd 2 May 1985, Same Subject as Above

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# The Heritage Foundation Backgrounder

No. 429 The Heritage Foundation 214 Massachusetts Avenue N.E. Washington, D.C. 20002 (202) 546-4400

May 2, 1985

## WHAT NEXT FOR NICARAGUA ?

### INTRODUCTION

U.S. policy toward Nicaragua seems paralyzed. Last fall, Congress suspended U.S. assistance to the anti-Sandinista rebels, and in January of this year, the Reagan Administration broke off its bilateral talks with Nicaragua, since nothing had been accomplished after months of periodic meetings in Manzanillo, Mexico. Congress now has refused to approve release of \$14 million in military assistance to the armed opposition in Nicaragua or even to provide humanitarian aid for Nicaraguan refugees.

The U.S. seeks a halt to Nicaraguan destabilization activities in Central America, an end to the de facto alliance with the Soviet Union and Cuba, and genuine self-determination for the people of Nicaragua. These objectives are widely accepted in the U.S., where even former supporters of the Sandinista regime no longer dispute that it is fast becoming a communist, totalitarian state. U.S. goals in the region are also shared by Nicaragua's Central American neighbors, who are threatened by Nicaragua's military capability and revolutionary ideology, and the Nicaraguan resistance in Nicaragua has called on the government to accept these same principles.

Nicaragua's military build-up, fed with increasingly sophisticated weaponry from the Soviet bloc and tightening repression of political and religious freedoms, have occurred while the Contadora negotiations and bilateral talks with the U.S. have been going on. Consolidation of the Sandinista dictatorship in alliance with Cuba and the Soviet Union has proceeded apace even though the U.S. suspended its assistance to the opposition. There should be little doubt that, if left unchecked, the Sandinistas intend to build another Cuba. With or without U.S. aid for the Nicaraguan rebel forces, the U.S. must apply firm and steady pressure on Nicaragua to prevent that outcome.

As the conduct of the Nicaraguan regime has demonstrated its determination to become a Soviet-aligned, totalitarian state, debate in the U.S. has come to focus on the most effective policy tools to prevent its consolidation. What is required now is a broader consideration of the full range of political, economic, and military options open to the U.S. to pressure the Sandinista government. Breaking or downgrading diplomatic relations with the Sandinista government, initiating sanctions of the Nicaraguan government by the Organization of American States, stepping up military assistance to Nicaragua's neighbors, and reviving a regional military defense organization are some of the options that deserve careful evaluation.

## POLITICAL OPTIONS

### Downgrade Diplomatic Representation

It is a curious anomaly that the U.S. government maintains high-level diplomatic representation in Nicaragua, through its ambassador, even though the Reagan Administration has consistently questioned the legitimacy of the Nicaraguan government and the authenticity of the 1984 Nicaraguan "election." The recall of ambassadors is a time-honored diplomatic signal of disapproval or disassociation. It was used as recently as 1978, when the Carter Administration recalled the U.S. ambassador to Nicaragua to signal termination of U.S. backing of Anastasio Somoza.

Sandinista leaders have been quite candid about the purpose of their November 1984 election, labeled by Commander Bayardo Arce "a nuisance,"<sup>1</sup> which was to legitimize their revolution in world public opinion and thus deflect pressure against the Marxist regime. With the solid evidence that the election was neither free nor fair, the U.S. should not acquiesce in the Sandinistas' propaganda campaign by carrying on business as usual. At a minimum, Washington should downgrade its diplomatic representation, leaving the embassy in the hands of a chargé d'affaires. Such a move would be consistent with the U.S. position that Nicaragua has steadfastly violated its 1979 pledge to the Organization of American States (OAS) to establish a broad-based, democratic government.

### Break Diplomatic Relations

The rationale for breaking diplomatic relations is essentially the same as for downgrading relations, although it sends a

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<sup>1</sup> In La Vanguardia, Barcelona, July 31, 1984. In a speech by Commander Bayardo Arce in Managua, where he said: "Action is precisely what constitutes the essence of the dictatorship of the proletariat-class ability to impose its will by utilizing the means at hand and go through bourgeois formalities. For us, then the elections, viewed from that perspective, are a nuisance."

much stronger signal. Breaking relations would allow the U.S. to provide legal overt assistance to the Nicaraguan armed resistance, since a chief objection of some critics of the Administration's policy is the impropriety of arming the opposition to a government with which the U.S. has normal diplomatic relations. Severing relations also would prepare the way for recognizing an alternative, perhaps exile, government.

The two principal objections are that a diplomatic rupture is too weak a tool to pressure the Sandinista government, and that by closing the U.S. embassy in Managua, the U.S. deprives itself of a valuable intelligence source. However, breaking relations could be an effective element of a package of diplomatic, economic, and military measures taken in concert. Further, diplomatic contact is already so circumvented that breaking relations would probably not make much difference. According to a U.S. diplomat, "no Warsaw Pact country restricted access to government officials as much as Nicaragua does."<sup>2</sup>

### Recognize a Government-in-Exile

The U.S. should consider recognizing a Nicaraguan government-in-exile. The Sandinista Government of National Reconstruction in exile attained respectability through a 1979 OAS resolution withdrawing recognition from the government of Anastasio Somoza and thus implicitly recognizing the legitimacy of the Sandinistas. But the primary consideration should be effectiveness rather than historical precedent. Recognition of an alternative government should not be an option adopted in isolation, but as a prelude to or part of an overall policy that includes other measures.<sup>3</sup> A transfer of recognition to the armed opposition to the Sandinistas would become more viable were the rebel forces to succeed in taking and holding a significant portion of Nicaraguan territory.

### Support the Democratic Opposition

With the March 2 announcement by Nicaragua's beleaguered democratic opposition of its political platform and a call for dialogue with the Sandinista government,<sup>4</sup> the U.S. is in a better position to challenge the legitimacy of the Sandinista regime. The opposition comprises a broad spectrum of Nicaraguans who cannot be smeared with the "Somozista" label. It has called for free elections, separation of powers, authentic pluralism, and

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<sup>2</sup> "In Nicaragua, the American Embassy Feels the Effects of a Widening Rift," The New York Times, February 1, 1985, p. A8.

<sup>3</sup> For a more in-depth study of legal and diplomatic issues surrounding recognition of governments-in-exile, see The Heritage Foundation's forthcoming Background by Thomas Miller.

<sup>4</sup> Document of the Nicaraguan Resistance on National Dialogue, published in Diario Las Americas, March 10, 1985, p. 13-A.

full respect for human rights.<sup>5</sup> The opposition's platform reiterates the goals proclaimed from Costa Rica in 1979 by the Nicaraguan government of National Reconstruction, composed of a broad coalition including Sandinistas and democratic forces, and it is fully consistent with the Contadora group's 21 objectives.

The U.S. should support the democratic opposition and its objectives. A key element of this effort should be to give wide public exposure to the leaders of the democratic opposition and to the validity of its goals. Its leaders should be welcomed in the White House and introduced to U.S. policy makers and the American public. The U.S. also can help the opposition within Nicaragua, as it is currently doing through the National Endowment for Democracy's \$100,000 grant to Nicaragua's only independent newspaper, La Prensa. Assistance also should be offered, perhaps through the Inter-American Foundation, to the small remaining private sector, free trade unions, and independent political parties, who are resisting the consolidation of the Sandinista Marxist regime.

#### PLAN FOR A POST-SANDINISTA TRANSITION

Part of the rationale for U.S. support to the democratic opposition to the Sandinista dictatorship should be to help the U.S. plan for a possible transition in Nicaragua and to avoid the kind of misjudgments that helped the Sandinistas consolidate power. To ensure this, Washington must maintain close contact with democratic Nicaraguan leaders to keep abreast of changing circumstances in the country. Should the Sandinista government be replaced by a democratic, representative government, the U.S. should be prepared to extend prompt diplomatic recognition of the new government, encourage its friends and allies to do the same, and provide economic and technical assistance to help stabilize the incoming government. The U.S. should be prepared to use its influence, if necessary, to block any attempt to reimpose an authoritarian dictatorship.

#### A Role for the Organization of American States

The OAS, which played a key role in the success of Nicaragua's 1979 revolution by calling on Somoza to step down and by recognizing the provisional Government of National Reconstruction, has since kept its distance from Central America's volatile conflicts. Costa Rican and Honduran protests against Nicaraguan harassment have been given hearings, as have Nicaraguan counterprotests. But these issues have been routinely shuffled off for consideration by the Contadora group, conveniently allowing OAS members to sidestep the troubling appearance in the hemisphere of a new Marxist dictatorship with Cuban and Soviet ties.

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<sup>5</sup> In fact, all of the chief opposition leaders also opposed Somoza, and many previously served in the Sandinista government: Arturo Cruz, Alfonso Robelo, Violetta Chamorro, Eden Pastora, Alfredo Cesar.

OAS timidity stems in part from a commitment to the OAS Charter's principle of nonintervention in the internal affairs of other member states and perhaps a self-conscious wariness about adopting a tough standard of political pluralism. Inside the OAS, moreover, it probably is assumed that if tougher action is warranted, then the U.S. ultimately will take it.

Yet the OAS in the past overcame its aversion to involvement in other countries' internal affairs when it called for the resignation of Anastasio Somoza. Several member states also submitted a formal protest in the OAS in September 1981 of the joint French-Mexican declaration that recognized the Salvadoran rebels as a legitimate representative political force and demanded a "restructuring" of the Salvadoran government and army to include rebel forces.

In view of the impasse in the Contadora negotiations, these precedents are sufficient reason for the OAS to address directly the issues of Nicaraguan aggression and its denial of political freedom. This could be done by reconvening the Seventeenth Meeting of Consultation of Foreign Ministers, which was convoked in September 1978 to examine Central America's political situation and never formally adjourned. In fact, should the OAS take action to censure the Sandinista government of Nicaragua, it could well use the same language as that contained in the resolution calling on Somoza to resign.<sup>6</sup>

The time may be ripe for a U.S. initiative on Central America in the OAS. Many OAS members, who were enthusiastic supporters of the overthrow of Anastasio Somoza, have become less than keen on the direction and behavior of the Sandinista government. Venezuela, for example, has suspended its subsidized oil sales to Nicaragua until payment for past shipments has been made current. The political distancing from Nicaragua also was reflected in the failure of Latin American governments to send high-level representation to the 1985 presidential inauguration ceremonies in Managua.

And as John Silber, President of Boston University and member of the Kissinger Commission, has noted, many Latin American leaders express deep concern about Nicaragua in private discussions, even though their public statements are cautious.<sup>7</sup> U.S.

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<sup>6</sup> The OAS resolution of June 23, 1979, reads, in part, "That in the view of the Seventeenth Meeting of Consultation of Ministers of Foreign Affairs, this solution should be arrived at on the basis of the following:

- (1) Immediate and definitive replacement of the Somoza regime;
- (4) The holding of free elections as soon as possible that lead to the establishment of a truly democratic government...."

<sup>7</sup> John R. Silber, "Plain Talk behind Closed Doors in Central America," The Wall Street Journal, February 8, 1985, p. 21.



leadership and concrete evidence of a consistent, committed U.S. policy in Central America could reassure them in discussing their own security concerns.

### Central American Diplomacy

While there are strong arguments for an active U.S. role in challenging the Sandinistas, their impact would be even greater were the parties most immediately affected by the Nicaraguan government to speak even more directly about the need for U.S. involvement. The U.S. should make the case to the leaders of the Central American democracies (Costa Rica, El Salvador, and Honduras), as well as the internal Nicaraguan democratic opposition, that their unambiguous public support for a strong U.S. posture vis-à-vis Nicaragua is crucial to congressional approval of such a policy.

### Western Europe

A crucial element of U.S. diplomatic pressure on Nicaragua should be to engage U.S. allies in Western Europe in efforts to assure that the Nicaraguan government fulfills its pledges to allow political pluralism and respect human rights. Some European countries originally sympathetic to the Sandinistas have recently become wary of lending financial and diplomatic support to the increasingly militant and repressive regime in Managua.

The U.S. should increase its efforts to explain the basis for U.S. policy to its allies and to highlight this policy's importance for Western Europe's own security interests. Washington should marshal the persuasive evidence of Nicaragua's movement toward a totalitarian dictatorship: the European Democratic Union's detailed report on the sham election in 1984, complaints of repression of free trade unions submitted to the International Labor Organization, reports of human rights organizations on torture by government security agents, and the Sandinista government's blatant manipulation of the committee to draft the new constitution to ensure permanent one-party control of government. In particular, the U.S. should stress these facts to the Socialist International, and encourage it to speak out on repression in Nicaragua.

Also at issue is Western Europe's economic support for Nicaragua. U.S. economic pressures will fail if offset by loans and donations from Europe. By the end of 1983, Western Europe had provided Nicaragua \$263.4 million in bilateral loans and lines of credit. This freed up Nicaraguan resources for investment in military expansion and allowed the Sandinista government to pretend that it enjoys the support and solidarity of democratic, western nations. Moreover, Nicaragua reportedly sells goods donated to it by Europe at below market prices in neighboring countries, to the detriment of local producers and exporters. Should the U.S. apply economic sanctions against Nicaragua, it must persuade its European allies to cooperate.

### Contadora Negotiations

The peace negotiations initiated by the Contadora countries (Mexico, Panama, Venezuela, and Colombia) in 1983 have proceeded in fits and starts. They recently resumed after a boycott by El Salvador, Costa Rica, and Honduras protesting the abduction of a Nicaraguan from the Costa Rican embassy in Managua by Nicaraguan security forces. The countries are now addressing the difficult issue of verification and enforcement of whatever provisions the final treaty contains.

Although the U.S. is not a member of the Contadora group, and not directly involved in the talks, it should continue to support regional efforts to draft and enforce a peace treaty. The Contadora "Document of Objectives," signed by the Central American countries in 1983, calls for self-determination, democratic and pluralistic governments, and respect for human rights. All Central American countries except Nicaragua have made progress toward meeting these objectives. The Contadora process is an appropriate forum for calling Nicaragua to account for violating the principles it accepted in signing the Document of Objectives. U.S. support for the Contadora negotiations should depend on Nicaragua's fulfillment of those principles and on finding reliable verification and enforcement procedures for any Contadora agreement.<sup>8</sup>

### Resume Bilateral U.S.-Nicaraguan Talks

The Sandinista government seems very anxious to resume bilateral talks with the U.S. As such, Washington should make resumption contingent upon Sandinista agreement to begin a dialogue with its internal political opposition that would include such matters as political liberties and press freedom. Washington must link the two sets of talks, because Managua's insistence on negotiating with the U.S., rather than with its own opposition, is an integral element of its propaganda campaign, at home and abroad, to portray the Sandinista government as threatened only by foreign aggression and to minimize the level of internal opposition to its policies.

### International Peacekeeping Force

As the regime of Anastasio Somoza was caving in to pressure from the Sandinista National Liberation Front (FSLN) in mid-1979, an emergency OAS session on the crisis convened. There, the U.S. proposed a peacekeeping force to enforce a cease-fire and oversee a peaceful transition from the Somoza government. The proposal was withdrawn when it won little support from Latin American governments committed to the overthrow of Somoza.

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<sup>8</sup> For further discussion of the Contadora negotiations, see Virginia Polk, "The U.S. and the Contadora Effort for Central America," Heritage Foundation Background No. 372, August 1984.

The OAS Charter provides for inter-American peacekeeping forces, and the OAS in fact approved sending such a force to the Dominican Republic in 1965 to restore order. If Nicaraguan hostilities between the government and anti-government forces erupt into full-scale civil war, the U.S. should consider pressing the OAS for peacekeeping action in Nicaragua.

### Cuba and the Soviet Union

U.S. policy options in Nicaragua are not necessarily limited to pressure on Managua. They also include measures to restrain Soviet and Cuban backing for the Sandinistas. A clear message that the possibility of direct military intervention has not been dismissed is essential and in fact was the position of the Kissinger Commission. The threat of force is more credible in the aftermath of the U.S. operation in Grenada, and it may account for the fact MiG fighter jets have not been delivered to Nicaragua despite repeated Nicaraguan attempts to obtain them.

Militarily overextended by its commitments in Africa and Central America, and pressed by the Soviet Union to export more sugar, nickel, and tobacco to soft-currency Soviet bloc countries, Cuba may be susceptible to U.S. pressure to halt its intervention in Nicaragua. Fidel Castro, cornered by a stagnant economy and reduced Soviet financial assistance, has recently launched another public relations campaign that advertises Cuba's eagerness for a resumption of bilateral talks with the U.S. Washington should let Castro know that a bilateral agenda that includes lessening U.S. economic sanctions against Cuba will be contingent, among other things, upon a Cuban disengagement from Nicaragua. The broadcasts of U.S.-based Radio Marti, a news service to Cuba, could also raise internal Cuban opposition to its foreign adventures.

## ECONOMIC OPTIONS

### Reduce Bilateral Trade

In 1984, the U.S. imported \$57 million of such Nicaraguan products as bananas, beef, shellfish, and coffee. U.S. exports to Nicaragua were \$112 million, virtually all of it such agriculture-related products as insecticides, fertilizers, herbicides, and farm equipment.

Suspending trade with Nicaragua would have a major impact on its economy, already severely damaged by the Sandinistas' economic policies. It would boost its neighbors' economies, if Nicaragua's export quotas were reallocated to Costa Rica, Honduras, and Guatemala. The International Emergency Economic Powers Act permits such an embargo.<sup>9</sup> The President may invoke the Act to

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<sup>9</sup> See Overview of Current Provisions of U.S. Trade Law, Subcommittee on Trade of the Committee on Ways and Means, U.S. House of Representatives, December 4, 1984, p. 110, for discussion of the IEEPA.

respond to an "unusual and extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy or economy of the United States." The Act requires the President to consult with Congress whenever possible before declaring an emergency, and to submit to Congress a report explaining and justifying his actions.

Such reports must be updated every six months while the emergency lasts. The trade restrictive authority of the Act states that the President may "by means of instructions, licenses, or otherwise,...investigate, regulate, prevent, or prohibit" virtually all aspects of foreign trade, from the transfer of exchange or credit to the import or export of currency and goods. The authority granted under the Act was exercised by Presidents Carter and Reagan toward Iran in retaliation for the taking of American hostages.

Objections to such action deserve serious consideration. One is that economic boycotts are ineffective in the long term if alternative trading partners or financial supporters are available. This raises the question of Soviet willingness or ability to play the economic role in Nicaragua it has assumed in the Cuban economy, which received over \$4 billion in Soviet economic aid last year. The anemia of the Soviet economy and its large financial commitment to Cuba make it unlikely that it could readily take on the additional burden of funding a nearly bankrupt Nicaragua.

A further objection to a U.S. economic embargo is that the Nicaraguan economy is already collapsing under the weight of mismanagement and massive military expenditures and that a hostile move to cut off trade would be used as anti-American Nicaraguan propaganda. Finally, U.S. obligations under the General Agreement on Trade and Tariffs (GATT) would require it to suspend its bilateral memoranda of understanding with Nicaragua and open up the possibility that the GATT would rule the action illegal. In that case, the U.S. could be required to pay compensation to Nicaragua, and if it refused to do so, Nicaragua, under the GATT rules, could legally take retaliatory trade sanctions against the U.S. Far more serious, it would mean the U.S. would be in violation of an international agreement to which it is committed as a free-trade nation.

Although an economic embargo has some potential drawbacks as a long-term policy, it should not be dismissed as a tactical policy option. Pressure on Nicaragua's rapidly deteriorating economy could weaken further internal support for the Sandinista government, which has already eroded substantially among farmers and peasants. One of the chief benefits of economic denial would be to curtail sharply Nicaragua's capacity to fund its expanding military force.

#### Multilateral Development Organizations

The U.S. has used its voting power in the Inter-American Development Bank to block financing for development projects in

Nicaragua; Washington should continue to do so. Managua's request for a \$58.4 million agriculture loan has been the focus of recent controversy, but two other requests are currently under review, totalling nearly \$70 million. There is no justification for development loans to a government intent on eliminating private property and the market system. Through a series of Executive Orders, the Nicaraguan government is consolidating state control of the economy. According to Commander Bayardo Arce, "any investment project in our country belongs to the State. The bourgeoisie no longer invests--it subsists."<sup>10</sup>

## REGIONAL ECONOMIC ORGANIZATIONS

Central America's regional organizations for economic development and integration, the Central American Common Market and the Central American Bank for Economic Integration, have been paralyzed since the late 1970s. The breakdown was partly caused by world economic conditions that interrupted the region's economic progress and partly by political instability. The question of whether the U.S. should assist these two institutions has been under study since the 1984 Kissinger Commission Report proposed that they be used as a channel to reinvigorate the region's economies. Also under review is the Commission's proposal to create a Central American Development Organization, although its exact nature and function remain unclear. Since Nicaragua cannot be excluded legally as a beneficiary of the two existing organizations, U.S. development assistance should continue on a bilateral basis with the other countries in the region. If any new regional organization is founded, it should be designed to channel assistance directly to the private sector and to countries in the region that respect private property and operate on market principles.

### Military Options

There are a number of options for exerting military pressure on Nicaragua. While a full-scale U.S. invasion force should never be definitively rejected, the U.S. could achieve its objectives through less costly and drastic action. Concluded the Kissinger Commission report, with respect to the use of military force: "We can expect negotiations to succeed only if those we seek to persuade have a clear understanding that there are circumstances in which the use of force, by the United States or by others, could become necessary as a last resort."<sup>11</sup>

### Inter-American Treaty of Reciprocal Assistance

The Inter-American Treaty of Reciprocal Assistance, known as the Rio Treaty, provides a legal framework for collective defense

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<sup>10</sup> La Vanguardia, Barcelona, Spain, July 31, 1984.

<sup>11</sup> Report of the National Bipartisan Commission on Central America, January 1984, p. 107.

in the hemisphere. The Treaty was invoked in 1965 for the operation in the Dominican Republic. Former Foreign Minister Fernando Volio of Costa Rica cited it as an ultimate recourse in a speech at the Organization of American States in 1983, made to protest Nicaraguan armed incursions into Costa Rican territory. The U.S. and its regional allies would be justified in taking collective military action against Nicaragua under the terms of the treaty in the case of a Nicaraguan "armed attack" against any of its neighbors.<sup>12</sup>

### Regional Defense Organizations

If Nicaragua's neighbors in Central America move to form a regional defense organization, the U.S. should offer appropriate support. There is a precedent for such an arrangement in the Central American Council for Defense (CONDECA), set up in 1964 as a joint defense organization for the region by Guatemala, Honduras, El Salvador, and Nicaragua. The Sandinistas' takeover of Nicaragua caused a regional realignment that undermined CONDECA, since the other members came to view Nicaragua itself as the chief threat to their security. Efforts were made to set up a new organization, leading in 1982 to the Central American Democratic Community, comprising Costa Rica, Honduras, El Salvador, and Guatemala. At the time, Panama and Belize declined to participate, but recent political shifts in those countries may reopen the possibility of an expanded membership.

### Matching Nicaragua's Military Capability

The U.S. also must be alert to changes in the regional balance of military force, and take appropriate steps to ensure that the defense capability of its friends in the region is adequate, while preventing a dangerous escalation in the sophistication of military assistance. The U.S. must make clear that it will enforce its prohibition on the introduction of high-performance jet fighters in Nicaragua.

Unfortunately, the U.S. may have drawn the line at too high a threshold, given the nature of the conflict and terrain in Central America. Nicaraguan acquisition of Soviet-made MI-24 Hind helicopter gunships passed almost unnoticed in the shadow of the suspected delivery of MiG jet fighters to Nicaragua in November

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<sup>12</sup> Article 3 of the Rio Treaty reads: "The high contracting parties agree that an armed attack by any state against an American State shall be considered as an attack against all the American States and, consequently, each one of the said contracting parties undertakes to assist in meeting the attack in the exercise of the inherent right of individual or collective self-defense recognized by Article 51 of the United Nations Charter. On the request of the State or States directly attacked, and until a decision of the organ of consultation of the Inter-American system, each one of the contracting parties may determine the immediate measure which it may individually take in fulfillment of the obligation."

1984. These aircraft are the world's most heavily armed, sophisticated, and fastest helicopters. For the kind of military operations suitable to Central American terrain, they are probably as effective as the aircraft that was not delivered.<sup>13</sup> The U.S. should move quickly to supply El Salvador and Honduras with Huey AH-1S Cobra helicopter gunships to counter Nicaragua's advantage.

#### DIRECT U.S. MILITARY INVOLVEMENT

The use of direct military force against Nicaragua would be advisable only if there were an important change in the region's status quo. A major military offensive by the Sandinista government against its own population, the introduction of high-performance jet aircraft or other advanced weapons systems into Nicaragua, or a Nicaraguan cross-border attack on any of its neighbors are the kinds of situations that might trigger a direct U.S. military response. U.S. military operations that should be considered are full-scale intervention with U.S. forces, a blockade, the selective destruction of military targets in Nicaragua, and the introduction of a small number of special U.S. and Latin American forces to aid the anti-Sandinista rebels. The successful action in Grenada can serve as a model.

There are important reasons for holding these options in reserve. Intervention with U.S. forces would be an extremely costly undertaking and would certainly entail the loss of American lives. U.S. intervention in Santo Domingo in 1965 involved over 23,000 combat troops to restore order in a single city where they faced virtually no opposition. It is also possible that direct military intervention in Nicaragua would require a prolonged military occupation and a counterinsurgency campaign. To be effective, a U.S. naval blockade preventing the shipment of arms to Nicaragua would have to be in effect for an indefinite period, and as in the case of an invasion, would limit the U.S. response capability to crises elsewhere. The selective destruction of military targets, such as airfields or Soviet military materiel would achieve U.S. security objectives at a much lower cost, but it would be likely to provoke strong U.S. domestic and international opposition if Nicaragua proclaimed its right of self-defense and national sovereignty.<sup>14</sup>

Finally, the political repercussions of military options must be anticipated. Unless the need for such action can be conveyed convincingly to the American public, it will not enjoy the level of public support crucial to the successful outcome of such an operation. Adoption of any of these options also would

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<sup>13</sup> John F. Guilmartin, Jr., "Nicaragua is Armed for Trouble," The Wall Street Journal, March 11, 1985.

<sup>14</sup> David Ronfeldt, Geopolitics, Security and U.S. Strategy in the Caribbean Basin (Rand Corporation, 1983).



require at least the tacit acceptance of neighboring Central American countries, if future U.S.-Latin American relations are not to be jeopardized, and joint action by the U.S. and its Central American allies should be undertaken if possible.

#### CONCLUSION

U.S. policy to date has rested chiefly on military assistance to the Nicaraguan anti-government rebels as the most viable option for forcing the Nicaraguan government to move away from its alignment with the Soviet bloc and return to the original democratic ideals of the 1979 revolution. Further military assistance to the opposition forces has been defeated temporarily by Congress. Although it may be renewed in the future, the U.S. in any event must explore the feasibility and effectiveness of other policy options to halt the consolidation of a Soviet-aligned, Marxist government in Central America.

The successful U.S. operation in Grenada in 1983 and the progress made in El Salvador on both the military and political fronts, largely due to the combination of strong U.S. backing and pressure, demonstrate that a well-designed, consistent U.S. policy can be effective in simultaneously protecting U.S. security interests and promoting democracy and the rule of law in the Caribbean Basin area. An important element of those achievements has been the demonstration of U.S. determination and its willingness to use force when necessary to protect its interests and defend the right of other nations to genuine self-determination. In Nicaragua, there is growing rebellion against the Sandinistas' Marxist dictatorship, and in the international community, a belated recognition of the nature of the Sandinista regime and the dangers it poses to Western security. U.S. policy toward Nicaragua should build on these circumstances to thwart Soviet- and Cuban-backed efforts to impose a Marxist totalitarian government on the unwilling people of Nicaragua.

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